

ADMINISTRATION AND FINANCE COMMITTEE

DATE: August 24, 2004

CALLED TO ORDER: 5:38 p.m.

ADJOURNED: 6:46 p.m.

ATTENDANCE

Attending Members

Jackie Nytes, Chairwoman
Becky Langsford
Lincoln Plowman
Steve Talley

Absent Members

Vernon Brown
Lynn McWhirter
Joanne Sanders

AGENDA

Revenue Options: Report from the County Auditor

Budget Hearing

Information Services Agency/CIO's Office

County Assessor

Center Township Assessor

Decatur Township Assessor

Franklin Township Assessor

Lawrence Township Assessor

Perry Township Assessor

Pike Township Assessor

Warren Township Assessor

Washington Township Assessor

Wayne Township Assessor

ADMINISTRATION AND FINANCE COMMITTEE

The Administration and Finance Committee of the City-County Council met on Tuesday, August 24, 2004. Chairwoman Jackie Nytes called the meeting to order at 5:38 p.m., with the following members present: Becky Langsford, Lincoln Plowman, and Steve Talley. Absent were Vernon Brown, Lynn McWhirter, and Joanne Sanders. Representing Council staff was Kent Burrow, Chief Financial Officer.

Revenue Options: Report from the County Auditor

Chairwoman Nytes said she requested the Auditor to come and talk about some of the revenue options that the County has. She said that there are a few options before the Council and she feels it is important to take a look at some of them now.

Martha Womacks, County Auditor, briefed the committee members on Exhibit A (see file). Some highlights of the presentation include:

- The General Fund and Information Services (Internal Services) funds a majority of the County agencies' revenues.
- Some of the largest County revenue types are property tax, income tax, and intergovernmental.
- Schools makeup the largest proportion of property taxes. Ms. Womacks said schools are not subject to a frozen levy, therefore they are able to increase their taxes through the years. Marion County receives 9.3% of property taxes.
- Some of the possible appeals for amounts above the maximum levy are: cost of operating a new court and new jail, pension payments increasing greater than 10%, cost of purchasing, upgrading, and expanding a voting system, etc.
- The General Fund levy rate per ordinance is about \$.27. The rate needed to generate the maximum levy is almost \$.05. The total levy rate would be about \$0.32.
- The impact of maximum levy to the average taxpayer on a \$100,000 home would be \$19.01.
- Some County budget financing options are: the City requested a Tax Increment Financing (TIF) replacement rate of 0.0150; exercise a lease purchase option on the Coroner's Office to capitalize principal and interest until 2006 to free up \$350,000; Council could suspend the local Homestead Credit, giving the County \$4.6 million of the \$16.5 million; or the Council could approve the maximum levy through appeals and rates for 2005, which will bring in \$19.6 million.

- Marion County is lower than the other five largest counties and surrounding central Indiana counties in local income tax. Marion County income tax rate is 0.70.
- All inventory tax is expected to expire in 2007. Ms. Womacks said at this time they would have \$60 million to makeup.

Councillor Langsford asked if they plan on filing for appeals. Ms. Womacks said that would be directed by the Council. Chairwoman Nytes asked if they have any recommendations regarding the appeals. Ms. Womacks responded in the negative.

Mr. Burrow asked if the presentation on inventory tax is for all units of government, not just City and County. Dan Jones, Deputy Auditor, responded in the affirmative. Mr. Burrow asked if the impact of inventory tax would be similar to the property tax. Mr. Jones told Mr. Burrow to take the proportionate distribution of property taxes and apply that proportion to the change in the distribution to figure the similarity.

Chairwoman Nytes asked if they advertise amounts that would allow the Council to file these appeals. Ms. Womacks responded in the affirmative. Chairwoman Nytes asked if they have received any direction telling them not to process these appeals. Ms. Womacks responded in the negative and said she believes this would come from the budget hearings. Chairwoman Nytes asked if the revenue option information has been shared with other committees. Ms. Womacks said no other Chairman has asked for this information but she could share the information.

Chairwoman Nytes said it may look like Elkhart has a high burden, but they have chosen to be proactive by not only adopting the full County Option Income Tax (COIT) and the economic development tax, but were an early adopter of the inventory tax reductions.

Ms. Womacks said they are also working on getting a comprehensive list to the committee members of all the cuts made to agencies. Chairwoman Nytes asked if this is for the 2004 or 2005 budget. Councillor Talley said the 2005 budget. Chairwoman Nytes said they would appreciate the Auditor's Office's assistance in continuing to examine the entire 2004 budget to assist Noble of Indiana.

BUDGET HEARING

Information Services Agency (ISA)/CIO's Office

Dave Mockert, Chief Information Officer of ISA, gave their 2005 budget presentation (Exhibit B, see file). Some highlights of the presentation include:

- ISA's responsibility is to deliver computer and telephone services to their customers across the City, County and township.

- ISA has a decrease in their 2005 budget of \$4.2 million. They were able to achieve this through the re-negotiation of the Information Technology (IT) outsourcing contract, consolidation of administrative functions, and lower capital and development expenditures.
- ISA's goal is to move into a strategic sourcing function, where the contract is not a fixed price full-service contract, but a not-to-exceed full-service contract. Mr. Mockert said by moving to selective sourcing they can receive a better value as well as do a better job in managing contracts.
- The current structure of ISA consist of 40 full-time equivalents (FTEs) and multiple divisions that have grown over the years, specifically bringing Geographical Information Services (GIS) and Internet in 2000.
- ISA services which are currently outsourced are: business consulting and project management, operations, technology planning and architecture, and programming.
- The reorganization of ISA shifts business consulting, project management, technology planning, and architecture out of outsourcing. The remaining outsourcing services are the data center, network, help desk, and distributed computing.
- In Character 01, Personal Services, the major change will be the increase in staff required in the shift from Character 03, Other Services and Charges, to Character 01 to provide some of the new functions in the reorganization. The \$600,000 increase in staff actually represents an elimination of ten staff positions and an addition of 16 high-skill technical positions that require higher salaries.
- In Character 03, which are ISA's contracts, several reductions were made, including reductions in line item budgets and in consulting. The total reduction in Character 03 is about \$4.9 million.

Chairwoman Nytes asked if they are comfortable with the proposals regarding Indianapolis-Marion County Area Geographic Information Services (IMAGIS) and will be okay for 2005. Mr. Mockert said they feel that the IMAGIS' budget should not be impacted based on ISA's budget. Chairwoman Nytes asked what the long-term damages are as a result of the choices the Council has made for IMAGIS. Mr. Mockert said regardless of the 2005 budget, they were looking at a revenue shortfall for IMAGIS in 2006. He said there are many things they need to do, including looking at what the future functions of IMAGIS will be.

Dan Jones, Deputy Auditor, asked if they will need a formal amendment to change ISA's actual FTEs to 46 instead of the 41 FTEs in the budget book. Chairwoman Nytes said she would like it if the Auditor's Office will assist in preparing the amendment.

County Assessor

Joan Romeril, County Assessor, said in 2004 they voluntarily cut their budget, and their 2005 budget includes those cuts with some other unanticipated cuts. She said their office needs new computers, but they have delayed any purchasing and moved everything they could to their Reassessment Fund.

Chairwoman Nytes asked if the decrease in character 01, Personal Services is primarily due to the lost of 27th pay. Ms. Romeril replied in the affirmative and said there were other funds deducted from character 01. Chairwoman Nytes asked if hiring another hearing officer will be eligible in the Assessor's reassessment fund. Ms. Romeril said if the funds were there, yes. She said a lot of the appeals are being taking care of at the township level and all other appeals they are able to handle with one hearing officer. Chairwoman Nytes asked if the appeals become difficult to handle, are there revenues in the Assessor's reassessment fund. Mr. Jones said it is possible. Chairwoman Nytes asked what the fund balance is. She asked Ms. Romeril what their numbers of outstanding appeals were. Ms. Romeril said there is not a big difference in the past numbers, but they only update those numbers after their board meets. Mr. Jones responded to Chairwoman Nytes' question on fund balance. He said the fund balance for 2005 is projected to be \$259,716.

Chairwoman Nytes asked if citizens are winning their appeals and assessed values are going down. Ms. Romeril said there have been a lot of adjustments at the township level, and they have completed 51% of 2002 appeals. She said there are only 11 employees in their office and they are limited on what they can complete. Chairwoman Nytes asked if there are 11 employees in the Assessor's Office, why does the budget book indicate 17 employees for 2004 and 15 employees in 2005. Ms. Romeril said they have not replaced the people who were there. Chairwoman Nytes asked if the 15 authorized employees correspond to the figures in the budget. Mr. Jones said the Assessor's Office was funded for the average staff they had on hand the first half of the year. Chairwoman Nytes asked what the total amount of authorized employees should be. Mr. Jones said probably 12 employees. They would need to go back and review what the staffing was. Chairwoman Nytes asked for clarification on what the staffing is.

Township Assessors

Marty Womacks, County Auditor, said they have an amendment request for the Warren Township Assessor (Exhibit C). Chairwoman Nytes said they will take it under consideration and will include it when they vote on all the assessors' budgets.

Paul Ricketts, Lawrence Township Assessor, represented all the township assessors. He said most of their budgets have seen reductions in Character 01, Personal Services, and other characters to achieve a balanced budget. Mr. Ricketts said one of their concerns as they close their annual budgets is they do not know what the annual update requirement from the State is going to be.

Chairwoman Nytes asked if they have fully accommodated the reductions that had taken place due to the inventory tax change. Mr. Ricketts said they have to the best of their ability. He said in the past they were able to say what their reductions would be by looking at appeals outstanding. Chairwoman Nytes asked what 49% of the outstanding appeals represents. Mr. Ricketts said he was unsure and there really is not a way to know the dollar amount.

Decatur Township Chief Deputy Assessor, Don Coleman explained the purpose of Exhibit D (see file). He said this is a snapshot of the growth they are experiencing in Decatur Township that will increase their workload.

Mr. Ricketts extended an invitation to the committee members to attend a meeting to identify criteria needed in a new property system. Chairwoman Nytes asked if they are coordinating efforts at the County and State level. Mr. Ricketts said everyone has been in contact with each other.

CONCLUSION

With no further business pending, and upon motion duly made, the Administration and Finance Committee of the City-County Council was adjourned at 6:46 p.m.

Respectfully submitted,

Jackie Nytes, Chairwoman
Administration and Finance Committee

JN/as

Administration and Finance Committee

August 24, 2004

Page 7

